GAMES CONSOLES VOLUNTARY AGREEMENT (GCVA)

FOURTEENTH STEERING COMMITTEE MEETING

7 November 2023, 17:00-18:00 CET Hybrid meeting









PARTICIPANTS

ECOS	 João Antonucci Rezende Mathieu Rama (online)
European Commission (EC)	3. Ewout Deurwaarder
Independent Inspector (Intertek)	 Steve Fernandes (online) Jane Lee (online)
Microsoft Corporation	 Kim Braun (online) Ted Eckert (online) Adriana Mattei, Zetacast, consultant
Nintendo of Europe GmbH	 Julie Cheung-Rueckert (online) Shigenobu Kinoshita (online) Riki Kishimoto (online) Eiichiro Morisaki (online) Hitoshi Nakai (online) Haruka Owa (online) Calum Robertson (online) Emil Schweiger (online) Hiroki Takuma (online)
Ökopol	18. Till Zimmermann (online)
Sony Interactive Entertainment	 19. Joshua Aslan 20. Ceri Fenwick (online) 21. Kieren Mayers 22. Natsumi Nishi (online) 23. Masahiro Takase (online) 24. Eleni Vasileiou, Dentons Global Advisors, consultant (online)
VA Administrator (SEC Newgate EU)	25. Feriel Saouli

AGENDA

- 1. Welcome and introductions
- 2. Approval of minutes of previous Steering Committee meeting
- 3. Review of actions of previous Steering Committee meeting
- 4. Annual Compliance Report (ACR) presentation
- 5. Update from Signatories:
 - 5.1. SRI 2023 Review Report
 - 5.2. Stakeholder outreach update
 - 5.3. 2023-2024 Timeline
- 6. Update from the European Commission
- 7. AOB and date of next Steering Committee meeting
- 8. End of meeting

MEETING MINUTES

1. Welcome and introductions

Feriel Saouli (SEC Newgate EU, VA Administrator) opened the meeting at 17:00 CET, she welcomed participants and presented the agenda. No AOBs were added.

2. Approval of minutes of previous Steering Committee meeting (December 2022)

Feriel Saouli (SEC Newgate EU, VA Administrator) confirmed that the minutes were circulated, approved, and uploaded on the Games Consoles Voluntary Agreement (GCVA) <u>website</u>.

3. Review of actions of previous Steering Committee meeting

Feriel Saouli (SEC Newgate EU, VA Administrator) noted that all the actions agreed at the 13th Steering Committee meeting had been completed.

4. Annual Compliance Report (ACR) presentation

Jane Lee (Intertek, Independent Inspector) presented the 2022 Annual Compliance Report (ACR). Both the <u>ACR</u> and her <u>presentation</u> can be found on the GCVA website.

- The Independent Inspector determined that the Signatories continue to be compliant with all SRI requirements.
- The SRI version applicable to reporting period 1 January 31 December 2022 is <u>SRI</u> <u>v4</u>, which included a provision for reporting non-energy/resource efficiency requirements for consoles using <20 W (such as power caps and auto power down in Active Gaming Mode, information provided to consumers, refurbishment and out-of-warranty repair services).
- Nine games consoles fell within the scope of the SRI: Xbox Series X (Model: 1882), Xbox Series S (Model: 1883), Nintendo Switch (Model: HAC-001(-01)), Nintendo Switch OLED Model (Model: HEG-001), PlayStation®4 (Model: CUH-2216), PlayStation®5 (Model: CFI-1116A), PlayStation®5 Digital Edition (Model: CFI-1116B), PlayStation®5 (Model: CFI-1216A), PlayStation®5 Digital Edition (Model: CFI-1216B).

- No new consoles were placed on the market during the 2021 reporting period for which PCRs were submitted in February 2022. It was proposed that 3 consoles should be retested with retailer sourced consoles rather than samples from the manufacturer used the previous year. This was the case for the Microsoft Xbox Series X. For the Sony PlayStation models, an updated version of the PlayStation 5 purchased in retail was tested. The Independent Inspector was not able to purchase a PlayStation 5 Digital due to high demand, so the previous results from the manufacturer sample were carried forward.
- In 2022, EU sales of games consoles amounted to around 10.6M units, however this data (from VGChartz) includes the Nintendo Switch Lite - which is out of scope for the SRI - and UK sales data.

Jane Lee (Intertek, Independent Inspector) informed participants that following the 2022 investigation, Intertek did not have recommendations in relation to the reporting process, data handling and product compliance review associated with the role of the Independent Inspector for the production of the Annual Compliance Report.

Questions/comments from stakeholders

João Antonucci Rezende (ECOS) asked why the Nintendo Switch Lite, which was launched after the Nintendo Switch, was not included in the review. Jane Lee (Intertek, Independent Inspector) confirmed that the first version of the SRI only included games consoles that used more than 20 W, but during one of the revisions the Signatories reviewed the requirements and decided they would look at resource efficiency for consoles that use less than 20 W (bringing those consoles, which were already on the market, into the scope of the SRI).

5. Update from Signatories

5.1 SRI 2023 Review Report

Ted Eckert (Microsoft) informed participants this is the **4th Review Report** prepared by the Signatories of the GCVA and that the process started in 2022. It outlines the process followed for review and explains the rationale behind the proposed amendments and updates made to the GCVA after the 2020 review. He added that previous reviews took place in 2017, 2019 and 2020, and that all reports are available on the <u>GCVA website</u>.

Ted stressed that the 2023 Review Report covers proposals on:

- Energy efficiency.
- Resource efficiency.
- Increased transparency and testing.

Energy efficiency proposals

a) Standby regulation update

Before going into the details of the energy efficiency proposals, Joshua Aslan (Sony) mentioned the new Standby regulation issued in April as (EU) 2023/826 and which will come into effect in May 2025. He said **the GCVA will be updated to reference the new EU regulation before the end of 2024**.

b) Power cap reductions

Joshua Aslan (Sony) presented the proposal for **new power cap reductions for media and navigation modes for HD, UHD-media and 8k capable consoles** (7th tier since the GCVA

was launched in 2015) and said these new power caps **will come into effect on 1 January 2024**. He explained that no proposals have been made for the UHD gaming capable category, because there are currently no consoles manufactured or on the market in that category. He added that Signatories believe these power cap reduction proposals will continue to ensure that the GCVA will be an effective driver of energy efficiency for games consoles in the EU and globally.

c) Limitations for future power reduction

Joshua Aslan (Sony) highlighted that Signatories are facing some challenges to further reduce the power consumption of games consoles by reducing the size of transistors of an integrated circuit. Microprocessors are reaching the limit of what may be physically possible (such as the end of Moore's law), but Signatories will continue to investigate other methods to improve energy efficiency.

With regards to the evolution of video codecs, he mentioned that:

- Streaming companies and channels (which are on the rise), such as Amazon Prime, HBO, Hulu or Netflix, are migrating from H.264 encoding to AV-1.
- AV-1 provides more efficient compression of video data, reducing demand on networks but requiring more processing power and therefore consuming more energy by the decoding device.
- The new codec, and likely future new codecs, may limit the Signatories' ability to further lower the games consoles streaming power caps.

d) Energy efficiency information

Joshua Aslan (Sony) mentioned that the Signatories average power consumption for sample games on their consoles as well as an estimated total annual energy consumption (TEC) is now available on the <u>GCVA website</u> (since December 2022), as well as on the Signatories' websites. The GCVA website now also provides links to the Signatories' websites for more information on consoles in scope and how to ensure consoles are efficiently set up.

Resource efficiency proposals

a) Spare parts

Ceri Fenwick (Sony) explained the Signatories propose a unique strategy for the supply of spare parts to third parties to avoid stockpiling and creating unnecessary waste. In the proposal, the **Signatories may utilise one or more of the following strategies** to support their own repair and refurbishment processes for consoles and provide spare parts to third parties:

- Providing new parts.
- Providing refurbished parts or consoles.
- Providing recovered parts.
- Directing to a third party part supplier, when safe and technically feasible.
- Keeping an archive of new (or used) consoles for parts recovery.

She added that the proposal, which excludes IP protected components (that form part of the encryption system – such as motherboard and optical drive when applicable), aligns with EU's circular economy objectives.

b) Encrypted parts are critical to protect against game piracy

Ceri Fenwick (Sony) explained that encrypted parts are critical to protect against game piracy, which is a threat to the entire games consoles industry:

- Hackers are constantly attempting to modify (or "crack") consoles to enable piracy.
- Some internal components (e.g., motherboard, optical drive) form a specialised and locked encrypted system to prevent this software piracy.
- These parts and associated blueprints cannot be provided to independent repair companies without compromising protection.

She added that the 2023 Review Report includes additional information on this topic, as well as some further explanatory quotes by the industry association Video Games Europe: "*By console manufacturers taking steps to prevent illegally copied games they protect game developers and the wider video games industry.*" She reminded participants that Signatories provide IP protected parts to authorised repair centers, so repair is possible through the dedicated out-of-warranty repair services.

c) Spare parts proposal

Ceri Fenwick (Sony) explained that after significant technical review, the Signatories propose to **provide the following spare parts effective from 1 January 2026**:

- Internal and external parts that are not part of the encryption system (when applicable) to be provided to professional repairers:
 - Internal axial fan.
 - Internal power supply.
 - Circuit board assemblies not protected by internal encryption.
 - External plastic enclosure parts.
- Standard bundled external cables (when applicable), such as USB, power and HDMI, are to be provided to professional repairers and end-users.

She added that Signatories will maintain their current commitment to provide hard disk drives and external power supplies to professional repairers and end-users. This new proposal means the majority of console components will now be available to third parties, together with the existing out-of-warranty repair services, which will ensure consumers have greater access to spare parts, enabling a wide range of repair options for their consoles.

Emil Schweiger (Nintendo) mentioned that as well as increasing the list of spare parts available to professional repairers and end-users, the spare parts strategy also allows Signatories to increase the length of time to provide spare parts from 2 to 5 years effective from 1 January 2026. These additional 3 years, along with the already long life cycle of games consoles (approximately 5-7 years) will enable consumers to gain access to parts for an extended time period of approximately 10-12 years in total. He added that to improve the Signatories' ability to forecast and stakeholders' ability to assess the availability of spare parts, Signatories propose changing the start time to last date of manufacture instead of last unit placed on the market.

d) Regulatory handling of spare parts

Emil Schweiger (Nintendo) went on to explain that although Signatories commit to improving resource efficiency by providing spare parts to third parties, and to reducing waste from excess

inventory where possible (stockpiling), in some instances, updates to EU regulations and standards (e.g., safety, chemicals, etc.) may prevent Signatories from providing spare parts to third parties, as spare parts would need to meet these new regulatory requirements which come into force after the original console was last placed on the market. Such changes to requirements could result in the need of a redesign and remanufacturing of the part(s), which in turn, due to the foreseeable limited quantity would be resource intensive thus going against the resource efficiency goals of the circular economy. He summarised that the proposed strategy will enable Signatories to:

- (1) Increase the length of time they can provide spare parts.
- (2) Increase the types of spare parts available to third parties.

e) Out-of-warranty repair service

Emil Schweiger (Nintendo) mentioned that along with the increased list of spare parts to be provided to third parties, Signatories also recognise the importance of enabling consumers to use and maintain their consoles for as long as possible. The GCVA already requires Signatories to provide an out-of-warranty repair and refurbishment service for end-users, but Signatories propose that **from 1 January 2026**, authorised repair or refurbishment centres shall provide an **out-of-warranty repair and refurbishment service to end-users for a minimum five years** (*after the last unit was manufactured*).

f) Resource efficiency information

Emil Schweiger (Nintendo) said that in addition to the energy efficiency information, the <u>GCVA</u> <u>website</u> now has a new section on resource efficiency information, where Signatories provide information on repair or refurbishment services for games consoles that bring benefits to both the consumer and the environment. The website also provides information on other commitments Signatories have made to improve the resource efficiency of their products, among them information to help consumers maintain their consoles in the best possible condition.

Other proposals

a) Increased transparency and testing

Joshua Aslan (Sony) explained that Signatories have updated the compliance and verification methods to further increase transparency representativeness:

- The Independent Inspector can test energy efficiency requirements of consoles annually (instead of only being required to test new console models).
- The Independent Inspector will also check the resource efficiency requirements for the selected games console(s).

Summary of changes in EU SRI v.5

Ted Eckert (Microsoft) summarized the revisions and clarifications made in the EU SRI v.5:

- Tier 7 of power caps reduction for Navigation and Media modes.
- Increase duration of spare parts provision from 2 to 5 years.
- Increase list of spare parts for third parties.
- Commitment of 5 years to provide an out-of-warranty repair and refurbishment services.
- Revision of the 25g exemption for halogenated flame retardants to 0.5g.
- Energy and resource efficiency information requirements.

• Revised verification method and annual test by the Independent Inspector.

He also confirmed that the EU SRI v5 will be submitted to the December 2023 Consultation Forum meeting for comments, with planned adoption from 1 January 2024.

5.2 Stakeholder outreach update

Feriel Saouli (SEC Newgate EU, VA Administrator) mentioned that from June to September 2023, Signatories met with the following EU stakeholders to present the draft SRI proposals and receive preliminary feedback:

- ECOS
- EEB
- European Commission
- German stakeholders:
 - BMWK Federal Ministry for Economic Affairs and Climate Action of Germany
 - Oekopol
 - UBA German Environmental Agency
- Netherlands Enterprise Agency
- Swedish Energy Agency

She said stakeholders raised questions mainly on the proposals for power caps and spare parts, the out-of-warranty repair service, the compliance process and new verification method, and the 2023 timeline.

5.3 2023-2024 Timeline

Ted Eckert (Microsoft) explained the Signatories will present the 2023 Review Report and EU SRI v5 to the Consultation Forum in December. If approved, the EU SRI v5 will be adopted from 1 January 2024 and published on the <u>GCVA website</u>. (The adoption may be delayed due to the date of the Consultation Forum. See the Update from the European Commission below.)

6. Update from the European Commission

Ewout Deurwaarder (European Commission) thanked Signatories for the Review Report which he found very helpful and easy to read, and he recognised the good process of dialogue between Signatories and stakeholders. He said from his point of view the SRI text was ready to go to the Consultation Forum, but asked Signatories to clarify what they meant by "beyond the commercial guarantee period" on page 16 of the SRI v5. Joshua Aslan (Sony) explained that in addition to providing repair and refurbishment service during the commercial guarantee period, Signatories provide an out of warranty service which they propose now to provide for a minimum period of five years after manufacturing date of the last unit of the games console model. Mr. Deurwaarder (European Commission) confirmed that is how he had understood the text.

Mr. Deurwaarder (European Commission) confirmed the **Consultation Forum meeting will take place on 11 December 2023** and the Commission will share the agenda, as well as the Review Report and SRI v5 with stakeholders by 11 November 2023 at the latest (one month before the meeting). In parallel to the Consultation Forum process, he will share with Signatories any feedback he might receive from other Commission colleagues. In relation to the timeline for the adoption SRI v5, he highlighted that the 1 January 2024 date would likely be delayed a bit, as the Commission usually provides stakeholders 30 days to provide

comments after the Consultation Forum. Signatories would require time after that comment period to consider the feedback received before finalising and publishing the revision.

Mr. Deurwaarder (European Commission) concluded his update with two additional comments:

- Next summer there will be a new Ecodesign regulatory framework with the ESPR regulation. He does not expect the ESPR to have an impact on the GCVA anytime soon and highlighted this new framework means the Ecodesign family will be bigger and encompass more products.
- He made Signatories aware that the <u>GCVA website</u> cannot be accessed from Commission computers because of internal filters and how the website is being classified due to having the word 'games' and 'gaming' in it.

Questions/comments from stakeholders

Steve Fernandes (Intertek, Independent Inspector) asked in the chat box if they would be able to see SRI v5 before its final publication. Emil Schweiger (Nintendo) replied that, as noted in the timeline, the draft documents will be shared with Consultation Forum stakeholders a month ahead of the meeting.

7. AOB and date of next Steering Committee meeting

No AOB was raised. Feriel Saouli (SEC Newgate EU, VA Administrator) said the next Steering Committee meeting will be held before summer 2024.

The draft minutes of the current meeting will be shared by 20 November at the latest and participants will have two weeks for comments, as indicated in the SRI. The final version of the minutes will be published by 6 December.

8. End of meeting

Feriel Saouli (SEC Newgate EU, VA Administrator) thanked participants and closed the meeting at 18:00 CET.

Actions

- VA Administrator to prepare and distribute the minutes of the current meeting. DONE
- VA Administrator to ask webmaster if anything can be done about GCVA website being rejected by filters. DONE (website category has been changed to Business/Economy)